



STATE OF WISCONSIN  
Department of Employee Trust Funds  
David A. Stella  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax (608) 267-4549  
<http://etf.wi.gov>

**CORRESPONDENCE MEMORANDUM**

**DATE:** October 21, 2009  
**TO:** Group Insurance Board  
**FROM:** Arlene Larson, Manager, Self-Insured Health Plans  
**SUBJECT:** Local Annuitant Health Plan Rates 2010

**This memo is for the Board's information only. No action is required.**

The Local Annuitant Health Plan (LAHP) was authorized in the statutes on July 1, 1988, as a health insurance program to offer individual coverage for those retiring local government employees and their dependents who are not offered a group plan by their municipal employer. The program is voluntary for retirees of employers who participate in the Wisconsin Retirement System. The rates are provided annually in November, following the establishment of Medicare deductibles for the following year. The rates are effective January 1, 2010, and are included as Attachment 1. There is no increase in the rates for either the Medicare supplement or the under-age-65 Preferred Provider Plan (PPP).

WPS Health Insurance, which administers the plan, is updating plan benefits to comply with state and federal mandates, effective January 1, 2010. Two documents listing the changes from WPS are also included. They are Attachment 2, covering state mandates, and Attachment 3 regarding federal mental health parity. The Medicare Supplement is not subject to new state mandates such as autism, cochlear implants, and dependents to age 27, as they are not included in that plan. The mental health parity benefit for members of the PPP will continue to have first dollar coverage for these services, but the dollar caps that have applied in the past will be eliminated. WPS has offered to apply the PPP's existing health insurance deductibles and coinsurance to the mental health benefit for a half of a percent in cost savings, but staff does not recommend this. The deductible is \$250 single, \$750 family and the coinsurance is 80%/20% in-network with 60%/40% out-of-network. Deloitte Consulting reviewed the rate calculations.

LAHP is a fully insured plan provided by the Standard Plan administrator, WPS Health Insurance, pursuant to s. 40.51(10) of the Wisconsin Statutes. It is available on an individual basis to local government annuitants.

Reviewed and approved by Tom Korpady, Division of Insurance Services.  
\_\_\_\_\_  
Signature Date

Board	Mtg Date	Item #
GIB	11/10/2009	4

As many municipalities offer coverage for their annuitants, LAHP insures a very small population and is subject to adverse selection. Currently there are a total of 287 subscribers. In 2008, there were 298 subscribers. In 2007, there were 304 subscribers, and in 2006, there were 303. As of June 2009, there are 272 enrolled in the Medicare Supplement, of whom 207 are aged 75 and over. There are 15 subscribers enrolled in the PPP.

I will be available at the meeting to answer any questions you may have.

Attachments

**LOCAL ANNUITANT HEALTH PROGRAM (LAHP)  
RETIREES MONTHLY HEALTH INSURANCE PREMIUMS**

**EFFECTIVE 01/2009**

Coverage	PPP		Medicare Supplement*		
	Single	Family	Single	Family-2	Family-1
PPP - Under Age 65 - No Med	941.60	1,877.90			
PPP - Under Age 65 - With Med	659.70				
PPP - Under Age 65 - Both with Med		1,317.00			
PPP - Under Age 65 - One with Med, Other Not		1,598.60			
PPP - Under Age 65 - Two with Med, 3rd Not		1,885.60			
Med Sup - Age 65-67			142.60	282.60	1,081.40
Med Sup - Age 68-69			158.60	314.40	1,097.30
Med Sup - Age 70-74			195.30	388.00	1,134.10
Med Sup - Age 75 and Over			221.60	440.50	1,160.30

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Includes a \$2.50 administrative fee.

\*Rate determined by subscriber's age as of the 1st of the calendar year

PPP - Preferred Provider Plan for those under the age of 65, network identical to State Standard PPP, \$250 individual deductible, capped at 3 for the family, in-network coinsurance of 80%/20% to \$2,500/\$7,500, out-of-network coinsurance of 60%/40% to \$2,500/\$7,500, amounts are combined so maximum coinsurance out-of-pocket will be \$2,500/\$7,500 in total

Medicare Supplement - For those over 65 an age-rating premium rate structure

**THIS NOTIFICATION CONTAINS IMPORTANT INFORMATION  
ABOUT YOUR HEALTH PLAN**

**PLEASE READ CAREFULLY**

The following are new state-mandated benefits which apply to the State of Wisconsin Local Annuitant Health Insurance Program. Unless the group communicates to us otherwise, these changes will be added to their certificate as of their renewal date (January 1, 2010) rather than waiting for the collective bargaining agreements to renew.

Preferred Provider Plan

- ✓ Autism coverage
- ✓ Cochlear implants and hearing aids for dependent children under age 18
- ✓ Remove dependent student/full-time student language; modify dependent language to cover dependent children to age 27
- ✓ Add coverage for contraceptive benefit to include all that require a physician's intervention – over the counter are excluded
- ✓ Add language reflecting new special enrollment rights to comply with the Children's Health Insurance Program Reauthorization Act of 2009
- ✓ Add language to describe the premium reduction provision for continuation coverage
- ✓ Remove \$25 fee for IRO and increase IRO amount to \$296
- ✓ **See the attached federally mandated benefit changes for Mental Health Parity.**

Medicare Supplement Plan

- ✓ Remove \$25 fee for IRO and increase IRO amount to \$296
- ✓ **See the attached federally mandated benefit changes for Mental Health Parity.**

State of Wisconsin Local Annuitant health Insurance Program  
Benefits for Treatment of Alcoholism, Drug Abuse and Nervous or Mental Disorders  
New Benefits Effective 1-1-10

## Preferred Provider Plan:

	Current		New	
	In	Out	In	Out
Inpatient Hospital Services	100% of charges	90% of charges	100% of charges	90% of charges
	Limited to the lesser of 30 days or \$7,000 per calendar year		No limit, subject to inpatient precertification	
Transitional Treatment	100% of charges up to \$3,000 per year	90% of charges up to \$2,700 per year	100% of charges	90% of charges
Outpatient Services	100% of charges up to \$2,000 per year	90% of charges up to \$1,800 per year	100% of charges	90% of charges

The new benefits shown above reflect the least amount of change to comply with the mental health parity requirements.

If the State would like to modify these benefits and still be in compliance they can:

- Apply the deductible to services
- Apply the same coinsurance for preferred and non-preferred providers that apply to any other health care service. Any coinsurance the participant pays would apply to the out-of-pocket limit

## Medicare Supplement Plan:

Remove dollar limitations and pay all services at 100% reduced by any benefits payable elsewhere in the certificate.